KENNEDALE CITY COUNCIL AGENDA

SPECIAL MEETING | AUGUST 31, 2021 AT 5:30 PM
CITY HALL COUNCIL CHAMBERS | 405 MUNICIPAL DRIVE, KENNEDALE, TX 76060
MEMBERS OF THE PUBLIC MAY JOIN IN PERSON OR
ACCESS A LIVE FEED AT WWW.CITYOFKENNEDALE.COM/VIDEOS
THE VIRTUAL OPTION DOES NOT ALLOW FOR PUBLIC COMMENT

I. CALL TO ORDER

To address the City Council regarding an agenda item, submit a 'Request to Speak' form before the meeting begins. Speakers are allotted three (3) minutes, must limit their comments to the subject indicated on the form, and should address the Council as a whole, rather than individual Councilmembers or staff.

II. ROLL CALL

III. EXECUTIVE SESSION

The City Council reserves the right to adjourn into executive session at any time during this meeting to discuss any agenda item as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney).

IV. RECONVENE INTO OPEN SESSION AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

V. REGULAR SESSION

A. Consider adoption of a Resolution removing and designating the authorized signatories for all city financial transactions with the authorized depository bank and any other instruments necessary in the transaction of the City's financial affairs

B. Discuss and consider a Fifth Amendment to the Lease Purchase Agreement for 1170 E Kennedale Parkway (Red's Roadhouse)

C. Discuss and consider action regarding option to repurchase property pursuant to 380 Agreement with Karmali Holdings, Inc. and authorize Executive Director to execute all documents to repurchase

VI. WORK SESSION

A. Continued discussion of the FY2021-22 Proposed Budget

VII. ADJOURNMENT

CERTIFICATION

I DO HEREBY CERTIFY THAT THE AUGUST 31, 2021 KENNEDALE CITY COUNCIL AGENDA WAS POSTED INSIDE THE MAIN ENTRANCE OF CITY HALL (405 MUNICIPAL DRIVE), IN A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES; AND THAT SAID AGENDA WAS POSTED AT LEAST SEVENTY-TWO (72) HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING, IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

Leslie E. Galloway

LESLIE E. GALLOWAY, CITY SECRETARY

In compliance with the Americans with Disabilities Act (ADA), the City of Kennedale will provide for reasonable accommodations for persons attending meetings. This facility is wheelchair accessible and accessible parking spaces are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meeting by calling 817-985-2104 or (TTY) 1-800-735-2989.

POSTED __________ (DATE) __________ (TIME)

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: AUGUST 31, 2021

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.A.

SUBJECT
Consider adoption of a Resolution removing and designating the authorized signatories for all city financial transactions with the authorized depository bank and any other instruments necessary in the transaction of the City's financial affairs

ORIGINATED BY
Leslie E. Galloway, Interim City Manager

SUMMARY
Adoption of the attached resolution is required in order to update the signatories on the City's bank account. Staff will be available to answer any questions.

RECOMMENDATION
Approve

ATTACHMENTS

1.	R596 Authorized Signatories	R596 Authorized Signatories.pdf

RESOLUTION NO. 596

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, REMOVING AND DESIGNATING THE AUTHORIZED SIGNATORIES FOR ALL CITY FINANCIAL TRANSACTIONS WITH THE AUTHORIZED DEPOSITORY BANK AND ANY OTHER INSTRUMENTS NECESSARY IN THE TRANSACTION OF THE CITY'S FINANCIAL AFFAIRS.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THAT:

SECTION 1.

The following individuals are designated as authorized signatories for vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for the City's funds on deposit with its depository banks and any other instruments necessary in transaction of the City's financial affairs ("Financial Documents"): Leslie Galloway and Linda Rhodes.

SECTION 2.

The following individuals are removed as authorized signatories for Financial Documents: Brian Johnson and George Campbell.

SECTION 3.

This resolution shall be effective immediately upon adoption.

APPROVED THIS 31ST DAY OF AUGUST 2021.

APPROVED:

____

MAYOR LINDA RHODES

[C I T Y   S E A L

ATTEST:

____

CITY SECRETARY LESLIE E. GALLOWAY

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: AUGUST 31, 2021

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.B.

SUBJECT
Discuss and consider a Fifth Amendment to the Lease Purchase Agreement for 1170 E Kennedale Parkway (Red's Roadhouse)

ORIGINATED BY
Leslie E. Galloway, Interim City Manager

SUMMARY
The attached amendment would require that Mr. Pennington purchase and close on the land within sixty (60) days of the effective date. As the Council may be aware, staff was unable to facilitate the necessary steps (including presentation to the EDC Board for their consideration) to allow this closing happen within the 60 days following the June 15 Council meeting during which the agreement for Mr. Pennington to purchase the property was verbally made. Council's patience is appreciated.

Language has been added to provide for: 1) all unpaid rent and interest to be paid; and 2) relinquishment of the improvements to the EDC if Mr. Pennington fails to close within 60 days of the effective date.

At their meeting on Thursday, August 26, the EDC Board voted unanimously in favor of this amendment including the sale of the land within 60 days to Mr. Pennington (the proceeds of which will benefit the Bloxom Foundation), which will result in this land being added back onto the tax rolls. Because the title company that originally prepared the related documents is no longer in business, staff is currently attempting to identify another title company to facilitate the closing.

Council consideration is appreciated.

RECOMMENDATION

ATTACHMENTS

1.	Pennington-Reds Road House 5th Amendment 8.27.21	Pennington-Reds Road House 5th Amendment 8.27.21.pdf

FIFTH AMENDMENT TO LEASE PURCHASE AGREEMENT

This Fifth Amendment to Lease Purchase Agreement ("**Amendment**") is made and entered into as of the ____ day of ______________, 2021 ("**Effective Date**"), by and between the **KENNEDALE ECONOMIC DEVELOPMENT CORPORATION,** a Texas corporation ("**Landlord**"), and **PENNINGTON FAMILY LIMITED PARTNERSHIP** and/or its assigns ("**Tenant**").

WHEREAS, Landlord and Tenant entered into that certain Lease Purchase Agreement effective November 1, 2011, an Amendment to Agreement of Lease Purchase Agreement, a Second Amendment to Lease Purchase Agreement, a Third Amendment to Lease Purchase Agreement, and Fourth Amendment to Lease Purchase Agreement (collectively the "**Agreement**"), for the lease of certain real property in the City of Kennedale, Tarrant County, (the "**Premises**", as described further in the Agreement); and

WHEREAS, the parties desire to further amend the Agreement as provided below.

NOW, THEREFORE, in consideration of the mutual rights and obligations set forth below and in the Agreement, Landlord and Tenant hereby agree as follows:

1. **Extension of the Term.** Section 2(a) of the Agreement is hereby amended by extending the Term to a date sixty days after the Effective Date of this Amendment.

2. **Effect of Amendment**. All other terms and conditions of the Agreement, with the exception of the terms modified by this Amendment, shall remain in full force and effect.

3. **Closing.** Landlord and Tenant agree that the Closing (as defined in the Purchase and Sale Agreement entered into on November 11, 2011 ("**Purchase and Sale Agreement**")) will occur on the sixtieth day after the Effective Date of this Amendment, or at another date mutually agreeable to the parties ("**Closing Date**"). All unpaid rent and interest due under the Agreement will be paid to Landlord no later than Closing, must be paid separately from the Purchase Price (as defined in the Purchase and Sale Agreement), and such payments will not be considered a cost of Closing under the Purchase and Sale Agreement. If Tenant fails to close on the Premises by the Closing Date, it will relinquish and forfeit its right to purchase the Premises pursuant to the Agreement or Purchase and Sale Agreement and Landlord will retain title to the Premises and all improvements located on the Premises.

4. **Authorization**. Landlord's Executive Director is authorized by Landlord to (i) agree as necessary to an alternative Closing Date on behalf of Landlord; and (ii) execute all documents necessary to transfer title of the Premises to Tenant in accordance with the Purchase and Sale Agreement.

~~[Signature Page Follows]~~

LANDLORD:

KENNEDALE ECONOMIC DEVELOPMENT CORPORATION

By: ____
Mark Yeary, President

TENANT:

PENNINGTON FAMILY LIMITED PARTNERSHIP, a Texas limited partnership

By: **Pennington Family, LP, Inc.,**
a Texas corporation, its General Partner

By: ____
Adlai Pennington, President

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: AUGUST 31, 2021

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.C.

SUBJECT
Discuss and consider action regarding option to repurchase property pursuant to 380 Agreement with Karmali Holdings, Inc. and authorize Executive Director to execute all documents to repurchase

ORIGINATED BY
Leslie E. Galloway, Interim City Manager

SUMMARY
During their meeting on Thursday, August 26, the EDC Board voted unanimously to authorize EDC Executive Director Leslie Galloway to execute those documents necessary to exercise the repurchase option for the land at 5400 High Ridge Road, which was purchased in December 2017 by Al Karmali (Karmali Holdings) for potential development as a Marriott or Hilton branded hotel.

In Article 4 of the attached 380 Agreement, the developer is required to cause "...Commencement of Construction of the Improvements to occur on or before January 1, 2020" and "Completion of Construction on or before December 31, 2020". Because these — and, potentially, other — requirements within the agreement have not been met, the EDC Board now has the option to repurchase the land (see Article 6.02 (a)) for the original price paid ($350,000). Exhibit B outlines the details of the repurchase option.

The EDC Board would now respectfully request City Council's authorization of their intent to repurchase this land at the same price as was paid in 2017, which is $350,000. The summary page from the July 2021 EDC financials (attached) shows $971,819 of available cash in the EDC Fund.

RECOMMENDATION
Approve

ATTACHMENTS

1.	380 Agreement - Karmali Holdings - comp	380 Agreement - Karmali Holdings - comp.pdf
2.	Hotel Settlement Statement 5400 High Ridge	Hotel Settlement Statement 5400 High Ridge.pdf
3.	2021_07 EDC Monthly Financials - Summary Page	2021_07 EDC Monthly Financials.pdf

CHAPTER 380 AND ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF KENNEDALE, THE KENNEDALE ECONOMIC DEVELOPMENT CORPORATION, AND KARMALI HOLDINGS, INC.

This Economic Development Agreement (this "**Agreement**") is made and entered into as of January 24, 2017 (the "**Effective Date**") by and between the City of Kennedale, a Texas municipal corporation located in Tarrant County, Texas ("**City**"), the Kennedale Economic Development Corporation, a nonprofit corporation organized as a Type B corporation under Chapters 501 and 505 of the Texas Local Government Code ("**EDC**"), and Karmali Holdings, Inc., a Texas corporation ("**Developer**"), for the purposes and considerations stated below.

WITNESSETH:

WHEREAS, Chapter 380 of the Texas Local Government Code permits cities to make loans or grants of public funds for the purpose of promoting economic development and stimulating business and commercial activity within the City; and

WHEREAS, the City desires to encourage the development of a high quality hotel along the I-20 corridor in order to expand the ad valorem and sales tax base, create jobs and provide needed services for the citizens of Kennedale and the surrounding area; and

WHEREAS, the Developer has proposed to build a new hotel on an approximately 2.543 acre parcel of land owned by the EDC more particularly described on the attached Exhibit "A" (the "**Property**"); and

WHEREAS, the City and the EDC desire to incentivize the Developer to build or cause to be built the hotel and associated improvements by conveying the Property to the Developer under certain conditions and with certain performance requirements further described herein; and

WHEREAS, the City Council of the City hereby establishes a Chapter 380 economic development program (the "**Program**") to encourage economic development within the City and finds and determines that this Agreement will effectuate the purposes of the Program, and that the Developer's performance of its obligations herein will provide local economic development and stimulate business and commercial activity in the City.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the EDC and the Developer (each a "**Party**," collectively, the "**Parties**") represent and agree as follows:

ARTICLE 1
Definitions

The following words shall have the following meanings when used in this Agreement:

The terms "Agreement", "City", "Developer", "Effective Date", "EDC", "Parties", "Party", "Program" and "Property" shall have the meanings provided herein.

"Affiliate" means any Person directly controlling or controlled by the Developer, or any Person controlling or controlled by the same Person who is controlling or is controlled by developer. As used in this definition, the term "control" means the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise.

"Certificate of Occupancy" means the document issued by the City certifying a building's compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupation.

"Commencement of Construction" means that: (i) the construction plans for the Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; (ii) all necessary permits permitting construction of the Improvements have been issued by all applicable governmental authorities; and (iii) mobilization and grading or excavation of the Property has begun.

"Completion of Construction" means that the City has issued the Certificate of Occupancy for the Hotel.

"Delegation Agreement" means the term as defined in Section 5.04(b).

"Event of Bankruptcy or Insolvency" means the dissolution or termination of a Party's existence as a going business, insolvency, appointment of receiver for any part of such Party's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

"Executive Director" means the Executive Director of EDC.

"Force Majeure" means any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the Party), fires, explosions, floods, strikes, slowdowns or work stoppages.

"Hotel" means the hotel to be built on the Property by Developer and franchised by Hilton or Marriott.

"HOT Revenue" means the amounts collected by the City as a result of the hotel occupancy taxes imposed by the City pursuant to Chapter 351 of the Texas Tax Code, as amended.

"Impositions" means all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Developer or any property or any business owned by the Developer within the City.

"Improvements" means the Hotel and the infrastructure, driveways, parking, landscaping and other improvements reasonably required to be constructed on the Property.

"Improvement Value" means the fair market value of the Improvements, or portion constructed thereof, as determined by an independent appraiser to be paid for by Developer and mutually selected by the Parties from a pool of three appraisers chosen by the EDC.

"Person" means an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Opening Date" means the date after which a Certificate of Occupancy has been received by Developer for the Hotel and the Hotel is fully functional and open to accommodate hotel patrons and guests.

"Option" means the term as defined in Section 3.01(a).

"Option Period" means the term as defined in Section 3.01(b).

"Purchase Price" means the purchase price that Developer pays the EDC for the Property pursuant to the Sales Contract.

"Qualified Expenditure" means an expenditure which (i) promotes tourism and the convention and hotel industry, and (ii) is authorized by Section 351.101 of the Texas Tax Code, as amended, and Section 11-283 of the City's code of ordinances, as amended.

"Repurchase Agreement" means the agreement to be signed by Developer prior to receiving title to the Property, and which gives the EDC the option to repurchase the Property and the Improvements in the event Developer fails to fulfill its obligations under this Agreement.

"Sales Contract" means the term as defined in Section 3.02.

"Term" means the term as defined in Section 2.01.

ARTICLE 2
Term

2.01 The term of this Agreement ("**Term**") will commence on the Effective Date and will continue until the City or EDC have fulfilled the payment obligations under Section 5.04, unless sooner terminated as provided herein.

ARTICLE 3
Developer's Option to Purchase Property

3.01 Option to Purchase.

(a) Grant of Option. In consideration of Ten and No/100 Dollars ($10.00), in hand paid by Developer to EDC and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by EDC, EDC hereby grants to Developer during the Option Period an option to purchase the Property ("**Option**").

(b) Option Period. The Option may be exercised by Developer in its sole discretion by providing written notice to EDC any time after the Effective Date and continuing until October 31, 2019 ("**Option Period**").

(c) Exercise of Option. If Developer exercises the Option within the Option Period, EDC agrees to convey, and Developer hereby agrees to purchase and pay for the Property on the terms and conditions provided herein. If, at any time between the Effective Date and the end of the Option Period, Developer provides EDC with written notice of Developer's decision not to exercise the Option, or if Developer has not exercised the Option as provided herein by the end of the Option Period, the Option shall lapse and be of no further force and effect.

3.02 Terms of Sale Upon Exercise of Option. Upon timely exercise of the Option by Developer in accordance with the foregoing provisions, the conveyance of the Property to Developer shall be in accordance with the provisions of the Sales Contract attached hereto as Exhibit "B" ("**Sales Contract**"). Developer and EDC agree to execute the Sales Contract within ten (10) days after the Option has been timely exercised.

ARTICLE 4
Developer Obligations

4.01 Construction of Improvements. Developer agrees to design and construct, or cause to be designed and constructed, the Improvements. Developer must (i) receive all necessary permits permitting construction of the Improvements from all applicable governmental authorities no later than December 31, 2017; (ii) subject to the events of Force Majeure, cause Commencement of Construction of the Improvements to occur on or before January 1, 2020; and (iii) subject to events of Force Majeure, achieve Completion of Construction on or before December 31, 2020.

4.02 Rezoning Assistance. Upon EDC's request, Developer agrees to reasonably assist EDC in its application to rezone the Property as described in Section 5.01.

4.03 Compliance with Laws. Developer agrees to construct the Improvements in accordance with all applicable federal, state and local laws, codes, and regulations (or valid waiver thereof).

4.04 Impositions. Developer shall make timely payment of all Impositions during the Term of this Agreement.

4.05 Loan, Lien, and Construction Documents. No portion of the Property shall be mortgaged for any reason other than to secure construction financing for the construction of the Improvements. No lien placed on the Property may contain any Mother Hubbard clause or other clause or provision creating a lien or deed of trust on any part of the Property for any other debt unrelated to the construction of the Improvements. EDC must consent to the terms of all financing or loan documents entered into by Developer prior to any lien being filed on the Property. The EDC must consent to all agreements entered into by Developer and third parties for the construction of the Improvements.

ARTICLE 5
EDC and City Obligations

Subject to Developer's performance of its obligations as required by this Agreement, and subject to the provisions of this section, City and EDC will be obligated to do the following:

5.01 Rezoning. EDC will file all necessary applications with City to rezone the Property to Employment District Office and Service (EC-2) zoning classification in conformance with City's code of ordinances to accommodate the construction and operation of the Hotel.

5.02 Signage. EDC will construct a directional sign at the intersection of Link Street and Kennedale Parkway. Upon completion, the EDC will permit the placement of a sign face within the directional sign for the purpose of advertising the Hotel. The cost to provide the advertising sign face will be the responsibility of Developer, but EDC will not charge a fee for placement within the directional sign.

5.03 Plan Review. City agrees that construction plans submitted by Developer regarding construction of the Hotel will be afforded expedited plan review by City staff, and provided Developer submits completed plans in compliance with all City requirements, City will complete its review within three (3) weeks of submission.

5.04 Grants. Developer will be entitled to be reimbursed for Qualified Expenditures in accordance with this section.

(a) EDC agrees to pay Developer grants in an amount equal to no more than sixty-nine percent (69%) of the HOT Revenue charged, collected and remitted to City from the Hotel each calendar quarter throughout a period beginning on the Opening Date and continuing thereafter for fifteen (15) years. Payments to Developer will be paid on a quarterly basis on or before forty-five (45) days following the date EDC receives: (i) the

HOT Revenue from the Hotel for the applicable quarter from City, and (ii) sufficient documentation from Developer that it has made Qualified Expenditures, in a form acceptable to the Executive Director. EDC is not obligated to reimburse Developer for an expenditure that, in the Executive Director's sole discretion, is not a Qualified Expenditure. In no event will any quarterly payment under this section exceed 69% of the HOT Revenue collected by the Hotel and remitted to City for any given quarter. EDC is obligated to make the payments under this section from the HOT Revenue collected from the Hotel, and neither City nor EDC shall be obligated to make such payments from any other funds or revenues of City or EDC.

(b) EDC, by virtue of its hotel occupancy tax delegation agreement with City ("**Delegation Agreement**"), is obligated to manage and supervise programs and activities funded with City's HOT Revenue. In the event the Delegation Agreement is terminated during the Term of this Agreement, City agrees to make the payments to Developer in accordance with Section 5.04(a).

ARTICLE 6
Termination

6.01 Default and Termination. This Agreement may be terminated upon any one or more of the following:

(a) Upon written notice by City or EDC, if Developer fails to meet any of its obligations under Section 4.01.

(b) Upon written notice by City or EDC, if Developer suffers an Event of Bankruptcy or Insolvency.

(c) Upon written notice by City or EDC, if any Impositions owed by Developer shall become delinquent (provided, however the Developer retains the right to timely and properly protest and contest any such Imposition).

(d) Upon written notice by Developer, if City has not by April 1, 2017 rezoned the Property to Employment District Office and Service (EC-2) zoning classification to accommodate the construction and operation of the Hotel.

(e) Upon written notice by any Party if Developer has not exercised the Option within the Option Period, or Developer provides EDC with written notice of Developer's decision not to exercise the Option.

(f) Upon written notice by any Party, if the other Party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof.

6.02 Remedies. In the event this Agreement is terminated by City or EDC under Section 6.01, EDC is entitled to the following remedies:

(a) In the event Developer fails to comply with its Commencement of Construction or Completion of Construction requirements, then EDC shall have the absolute right to repurchase the Property for an amount equal to the Purchase Price, plus the Improvement Value, if any, in accordance with the Repurchase Agreement.

(b) If Developer has not achieved Completion of Construction, EDC may, in lieu of, or in addition to pursuing its remedies in section 6.02(a), pursue any or all of the following: (i) assume any promissory note or debt obligation of Developer related to the construction of the Improvements; and (ii) assume any contractual obligation of Developer in order to complete the Improvements.

(c) Notwithstanding the foregoing, EDC may pursue any other remedies available at law or in equity, including specific performance.

ARTICLE 7
Miscellaneous

7.01 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and assigns of the Parties. This Agreement may not be assigned Developer without the express written consent of the other Parties; provided, however, that the Parties acknowledge and agree that Developer may assign this Agreement to an Affiliate without the prior written consent of the EDC and City so long as the Affiliate agrees in writing to comply with each and every obligation of Developer in this Agreement. In the event Developer assigns to an Affiliate, Developer will provide City and EDC a copy of such assignment within ten (10) business days of the assignment.

7.02 Limitation on Liability. It is understood and agreed between the Parties that Developer, in satisfying the conditions of this Agreement, is deemed to have acted independently, and City and EDC assume no responsibilities or liabilities to third parties in connection with these actions. Developer agrees to indemnify and hold harmless City and EDC from all such claims, suits, and causes of actions, liabilities and expenses, including reasonable attorney's fees, of any nature whatsoever by a third party arising out of Developer's performance of this Agreement.

7.03 No Joint Venture. It is acknowledged and agreed by the Parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the Parties.

7.04 Authorization. Each Party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

7.05 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter if sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

If intended for City, to:	Attn: City Manager City of Kennedale 405 Municipal Drive Kennedale, Texas 76060
With a copy to:	City Attorney Wayne Olson, TOASE 6000 Western Place, Suite 200 Fort Worth, Texas 76107
If intended for EDC, to:	Attn: Executive Director Kennedale EDC 405 Municipal Drive Kennedale, Texas 76060
With a copy to:	EDC Attorney Wayne Olson, TOASE 6000 Western Place, Suite 200 Fort Worth, Texas 76107
If intended for Developer, to:	Al Karmali Karmali Holdings, Inc. 10004 Broiles Lane Fort Worth TX 76244

7.06 Entire Agreement. This Agreement is the entire Agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the Parties that in any manner relates to the subject matter of this Agreement, except as provided in any exhibits attached hereto.

7.07 Governing Law. The Agreement shall be governed by the laws of the State of Texas, and exclusive venue for any action concerning this Agreement shall be in a State District Court of Tarrant County, Texas.

7.08 Amendment. This Agreement may only be amended by the mutual written agreement of the Parties.

7.09 Legal Construction. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the Parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

7.10 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

7.11 Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

7.12 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

7.13 Limitation of Damages. The Parties agree that no Party will be liable to the other under this Agreement for consequential damages (including lost profits) or exemplary damages.

7.14 Legislative or Judicial Changes. In the event of any legislative or judicial interpretation that limits or restricts City's or EDC's ability to pay the grant payments in Section 5.04 or otherwise extracts or imposes any penalty or other restriction upon the payment of same, such grant payments will cease as of the effective date of such limitation or restriction and be of no further force, effect, or consequence in which event City shall be under no further obligation to Developer as of the effective date of such limitation or restriction.

7.15 Covenants Run with the Property. The provisions of this Agreement shall run with the land and be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns and successors in title. It is expressly understood and agreed that acceptance of title to all or a portion of the Property shall automatically, and without further acknowledgement or conformation from the owner, constitute such owner's assumption of the obligations of Developer.

7.16 Right of Offset. City may at its option, offset any amounts due and payable under this Agreement against any debt (including taxes) lawfully due and owing to City from Developer, regardless of whether the amount due arises pursuant to the terms of this Agreement or otherwise, and regardless of whether or not the debt has been reduced to judgment by a court.

7.17 Recording. The Parties agree that City or EDC may record this Agreement in the Real Property Records of Tarrant County, Texas.

7.18. Undocumented Workers. Developer certifies that Developer, and its branches, divisions and departments, do not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Developer or any of its branches, divisions or departments is convicted of a violation under 8 U.S.C. § 1324a(f), Developer shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of six percent (6%), not later than the 120th day after the date City notifies Developer of the violation.

[Signatures on following page]

CITY OF KENNEDALE, TEXAS

By: ______________________
Brian P. Johnson, Mayor

KARMALI HOLDINGS, INC.

By: ______________________
Al Karmali, President

KENNEDALE ECONOMIC DEVELOPMENT CORPORATION

By: ______________________
Robert Mundy, President

ACKNOWLEDGMENT

STATE OF TEXAS '
'
COUNTY OF TARRANT '

This instrument was acknowledged before me on the 24th day of January, 2017, by Robert Mundy, President of the Kennedale Economic Development Corporation, a Texas non-profit corporation, on behalf of said corporation.

Kassy Montae Steele-Lane
Notary Public, State of Texas

My Commission expires:

01-12-2020

KASSY MONTAE STEELE-LANE
Notary Public, State of Texas
Comm. Expires 01-12-2020
Notary ID 130493063

ACKNOWLEDGMENT

STATE OF TEXAS '
'
COUNTY OF TARRANT '

This instrument was acknowledged before me on the 24th day of January, 2017, by Brian Johnson, Mayor of the City of Kennedale, Texas, on behalf of said city.

Kassy Montae Steele-Lane
Notary Public, State of Texas

My Commission expires:

01-12-2020

KASSY MONTAE STEELE-LANE
Notary Public, State of Texas
Comm. Expires 01-12-2020
Notary ID 130493063

ACKNOWLEDGMENT

STATE OF TEXAS :

COUNTY OF Tarrant :

This instrument was acknowledged before me on the 24th day of January, 2017, by Al Karmali, Al Karmali of Karmali Holdings, Inc., a Texas corporation, on behalf of said corporation.

Kathy E. Moore
Notary Public, State of Texas

My Commission expires:

8-31-2019

KATHY E. MOORE
Notary Public, State of Texas
Comm. Expires 08-31-2019
Notary ID 79925-6

EXHIBIT "A"

The Property

METES AND BOUNDS DESCRIPTION
PROPOSED LOT 1R, BLOCK 5, OAK CREST
CITY OF KENNEDALE, TARRANT COUNTY, TEXAS

BEING A TRACT OF LAND SITUATED IN THE DAVID STRICKLAND SURVEY, ABSTRACT NO. 1376, CITY OF KENNEDALE, TARRANT COUNTY, TEXAS, AND BEING ALL OF LOTS 1, 2, 3, 4, 5, 13, 14, 15, AND 16 AND A PORTION OF LOTS 6 AND 12 ALL IN BLOCK 5 OF OAK CREST, AS RECORDED IN VOLUME 388-C, PAGE 81 IN THE PLAT RECORDS OF TARRANT COUNTY, TEXAS AND AS CONVEYED TO KENNEDALE ECONOMIC DEVELOPMENT CORPORATION BY INSTRUMENTS RECORDED IN COUNTY CLERK'S INSTRUMENT NUMBERS: D216142741, D216142742, D213146389, D214022831, D216215916, D215215412, D216085929, D214147258, AND D214174286 ALL IN THE OFFICIAL PUBLIC RECORDS OF TARRANT COUNTY, TEXAS, SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 5/8-INCH IRON ROD FOUND WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR THE NORTHERN CORNER OF SAID LOT 1 AND BEING AT THE INTERSECTION OF THE SOUTHWEST RIGHT-OF-WAY LINE OF HIGH RIDGE ROAD (A 50-FOOT RIGHT-OF-WAY) AND THE SOUTHEAST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 20 (A VARIABLE WIDTH RIGHT-OF-WAY);

THENCE SOUTH 49°13'33" EAST, ALONG THE COMMON NORTHEAST LINE OF SAID LOT 1 AND SAID SOUTHWEST RIGHT-OF-WAY LINE, AT A DISTANCE OF 109.62 FEET PASSING A 1-INCH IRON PIPE FOUND FOR THE COMMON EASTERN CORNER OF SAID LOT 1 AND THE NORTHERN CORNER OF SAID LOT 2 AND CONTINUING IN ALL A TOTAL DISTANCE OF 168.26 FEET TO A 5/8-INCH IRON ROD FOUND WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR AN ANGLE POINT IN SAID COMMON LINE;

THENCE SOUTH 53°05'30" EAST, CONTINUING ALONG THE COMMON NORTHEAST LINE OF LOTS 2, 3, 4, 5, 6 AND SAID SOUTHWEST RIGHT-OF-WAY LINE, AT A DISTANCE OF 46.30 FEET PASSING A 1-INCH IRON PIPE FOUND FOR THE COMMON EASTERN CORNER OF SAID LOT 2 AND THE NORTHERN CORNER OF SAID LOT 3 AND CONTINUING IN ALL A TOTAL DISTANCE OF 377.69 FEET TO A 5/8-INCH IRON ROD SET WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING"IN THE FUTURE NORTHWEST LINE OF LINK STREET (A PROPOSED 50-FOOT RIGHT-OF-WAY);

THENCE SOUTH 47°26'09" WEST, ALONG SAID FUTURE NORTHWEST RIGHT-OF-WAY LINE, A DISTANCE OF 50.10 FEET TO A 5/8-INCH IRON ROD SET WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR A POINT OF CURVATURE OF A CURVE TO THE LEFT IN SAID NORTHWEST RIGHT-OF-WAY LINE;

THENCE WITH THE ARC OF SAID CURVE TO THE LEFT AND CONTINUING ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE, AN ARC DISTANCE OF 165.16 FEET TO A 5/8-INCH IRON ROD SET WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" IN THE COMMON SOUTHWEST LINE OF SAID LOT 12 AND THE NORTHEAST RIGHT-OF-WAY LINE OF KENNEDALE STREET (A 50-FOOT RIGHT-OF-WAY), SAID CURVE TO THE LEFT HAVING A DELTA ANGLE OF 18°01'44", A RADIUS OF 524.88 FEET, AND A CHORD BEARING AND DISTANCE OF SOUTH 38°27'07" WEST, 164.48 FEET;

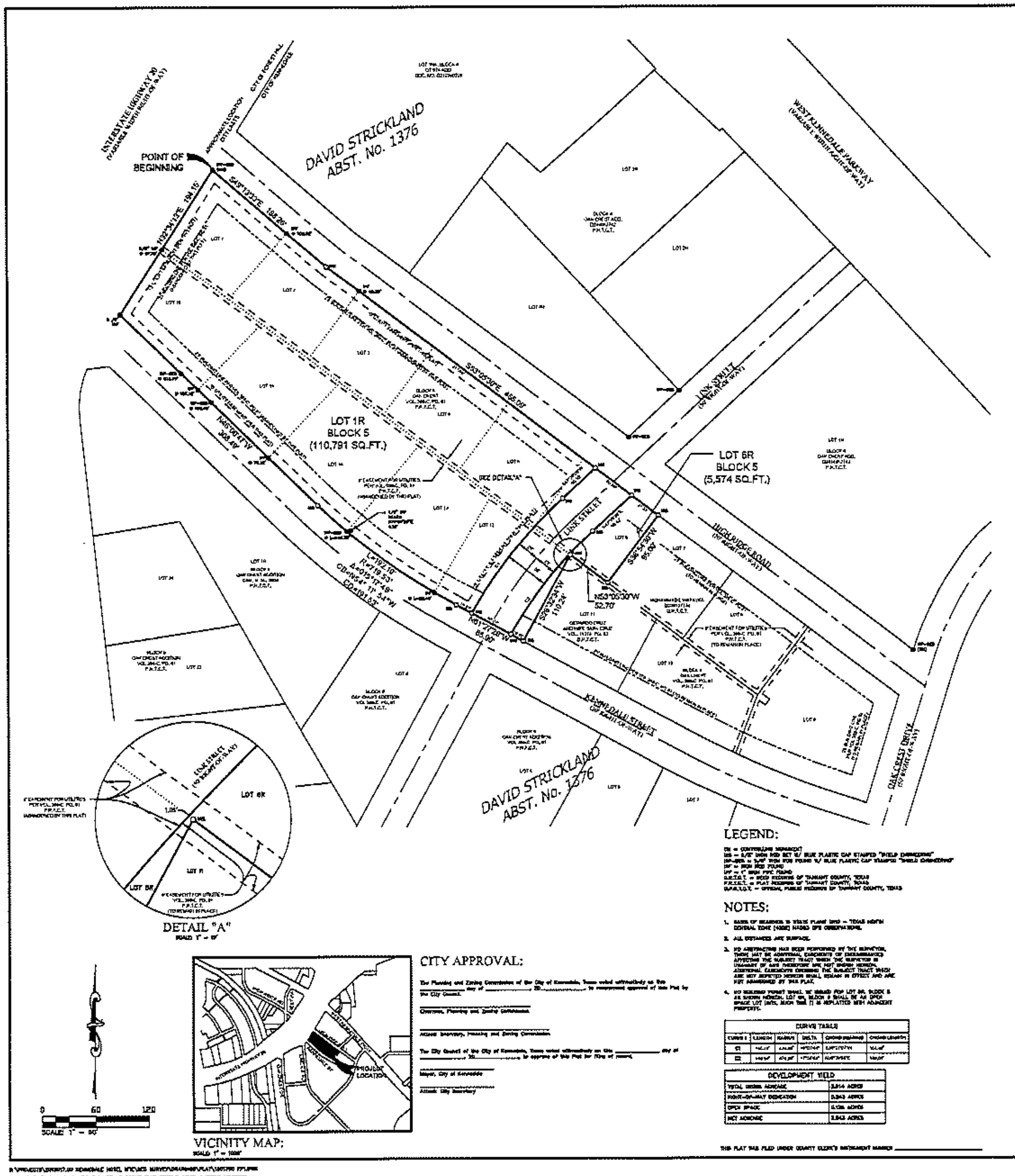
THENCE NORTH 61°27'26" WEST, ALONG SAID COMMON SOUTHWEST LINE OF LOT 12 AND SAID NORTHEAST RIGHT-OF-WAY LINE, A DISTANCE OF 19.87 FEET TO A 5/8-INCH IRON ROD SET WITH BLUE

PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR A POINT OF CURVATURE OF A CURVE TO THE RIGHT IN SAID COMMON LINE;

THENCE WITH THE ARC OF SAID CURVE TO THE RIGHT AND ALONG THE COMMON SOUTHWEST LINE OF SAID LOT 12, 13, 14 AND CONTINUING ALONG SAID NORTHEAST RIGHT-OF-WAY LINE, AT AN ARC DISTANCE OF 28.40 FEET PASSING A 1-INCH IRON PIPE FOUND FOR THE COMMON WEST CORNER OF SAID LOT 12 AND THE SOUTH CORNER OF SAID LOT 13, AND AT A CUMULATIVE ARC DISTANCE OF 148.20 FEET PASSING A 5/8-INCH IRON ROD FOUND WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR THE COMMON WESTERN CORNER OF SAID LOT 13 AND THE SOUTHERN CORNER OF SAID LOT 14, FROM WHICH A 1/2-INCH IRON ROD FOUND BEARS NORTH 75°05'55" EAST, A DISTANCE OF 4.18 FEET AND CONTINUING IN ALL, A TOTAL ARC DISTANCE OF 192.10 FEET TO A 5/8-INCH IRON ROD SET WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING", SAID CURVE TO THE RIGHT HAVING A DELTA ANGLE OF 15°17'49", A RADIUS OF 719.53 FEET, AND A CHORD BEARING AND DISTANCE OF NORTH 54°11'54" WEST, 191.53 FEET;

THENCE NORTH 46°00'47" WEST, ALONG THE COMMON SOUTHWEST LINE OF SAID LOT 14, 15, 16 AND SAID NORTHEAST RIGHT-OF-WAY LINE, AT A DISTANCE OF 76.12 FEET PASSING A 1-INCH IRON PIPE FOUND FOR THE COMMON WESTERN CORNER OF SAID LOT 14 AND THE SOUTHERN CORNER OF LOT 15, AT A DISTANCE OF 166.46 FEET PASSING A 5/8-INCH IRON ROD FOUND WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR THE COMMON WESTERN CORNER OF SAID TRACT DESCRIBED IN INSTRUMENT NO. D214147258 AND THE SOUTHERN CORNER OF SAID TRACT DESCRIBED IN INSTRUMENT NO. D214174286, AT A DISTANCE OF 187.18 FEET PASSING A 1-INCH IRON PIPE FOUND FOR THE COMMON WESTERN CORNER OF SAID LOT 15 AND THE SOUTHERN CORNER OF SAID LOT 16, AT A DISTANCE OF 213.79 FEET PASSING A 5/8-INCH IRON ROD FOUND WITH BLUE PLASTIC CAP STAMPED "SHIELD ENGINEERING" FOR THE COMMON WESTERN CORNER OF SAID TRACT DESCRIBED IN INSTRUMENT NO. D214174286 AND THE SOUTHERN CORNER OF SAID TRACT DESCRIBED IN INSTRUMENT NO. D216142742 AND CONTINUING IN ALL, A TOTAL DISTANCE OF 308.49 FEET TO A 5/8-INCH IRON ROD FOUND FOR THE WESTERN CORNER OF SAID LOT 16 AND BEING AT THE INTERSECTION OF SAID NORTHEAST RIGHT-OF-WAY LINE WITH THE AFOREMENTIONED SOUTHEAST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 20;

THENCE NORTH 32°34'13" EAST, ALONG THE COMMON NORTHWEST LINE OF SAID LOT 16, LOT 1 AND SAID SOUTHERLY RIGHT-OF-WAY LINE, AT A DISTANCE OF 87.12 FEET PASSING A 5/8-INCH IRON ROD FOUND FOR THE COMMON NORTHERN CORNER OF SAID LOT 16 AND THE WESTERN CORNER OF SAID LOT 1, AND CONTINUING IN ALL, A TOTAL DISTANCE OF 194.15 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 110,791 SQUARE FEET OR 2.543 ACRES OF LAND, MORE OR LESS.



DEDICATION STATEMENT:

SURVEYOR'S STATEMENT:

PRELIMINARY, THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY PURPOSE AND SHALL NOT BE USED OR VIEWED OR RELIED UPON AS A FINAL SURVEY DOCUMENT

LEGEND:

NOTES:

CITY APPROVAL:

REPLAT
LOT 1R, BLOCK 5
AND
LOT 6R, BLOCK 5
OAK CREST
AND A PORTION OF
LINK STREET

BEING ALL OF
LOTS 1-6 AND LOTS 12-16, BLOCK 5
OAK CREST
AS RECORDED IN VOLUME 388-C, PAGE 81
PLAT RECORDS OF TARRANT COUNTY, TEXAS
SITUATED IN THE DAVID STRICKLAND SURVEY
ABSTRACT NO. 1376
CITY OF KENNEDALE, TARRANT COUNTY, TEXAS

Shield Engineering Group, PLLC
Civil Engineering & Land Surveying

EXHIBIT "B"

<u>Sales Contract</u>

REAL ESTATE CONTRACT OF SALE

1. AGREEMENT TO SELL AND PURCHASE.

The Kennedale Economic Development Corporation, a Texas municipal development corporation organized under the laws of the State of Texas ("**Seller**"), hereby agrees to sell and convey, pursuant to this Real Estate Contract of Sale ("**Contract**"), to Karmali Holdings, Inc., a Texas corporation ("**Purchaser**"), fee simple absolute title to the real property described in Section 2 below, on the terms and conditions provided herein, and Purchaser hereby agrees to purchase and pay for said property on the terms and conditions provided herein.

2. PROPERTY TO BE CONVEYED.

The property to be conveyed is an approximately 2.543 acre parcel of land owned by the Seller more particularly described on the attached Exhibit "A", together with all and singular the rights and appurtenances pertaining to the property to be conveyed, including any right, title, and interest of Seller in and to adjacent streets, alleys, or rights of way, and any improvements, fixtures, and personal property situated on and attached to the property (the "**Property**").

3. MINERAL RIGHTS.

Seller shall retain and reserve any and all mineral rights now owned in the Property. If the mineral estate is subject to existing production or an existing lease, this reservation includes the production, the lease, and all benefits from it. Provided, however, Seller waives the right of ingress and egress, except as provided in any existing mineral lease, to and from the surface of the Property relating to the mineral estate owned by Seller and further waives the right to conduct any operation on the Property relating to the exploration for or production of minerals without the written consent of Purchaser. Nothing herein, however, restricts or prohibits the pooling or unitization of the portion of the mineral estate owned by Seller with land other than the Property; or the exploration or production of the oil, gas, and other minerals by means of wells that are drilled on land other than the Property but enter or bottom under the Property, provided that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

4. CONSIDERATION.

At the closing of this Contract ("**Closing**"), and as consideration for Seller's conveyance of the Property to Purchaser, Purchaser shall pay to Seller in cash or by certified or cashier's check the following amount ("**Purchase Price**"):

(a) $350,000 if the Closing Date occurs during calendar year 2017;

(b) $400,000 if the Closing Date occurs during calendar year 2018; or

(c) $450,000 if the Closing Date occurs during calendar year 2019.

5. EARNEST MONEY.

Within two (2) business days after the Effective Date, Purchaser shall deliver the sum of Ten Thousand Dollars and no cents ($10,000.00) to Allegiance Title Company located at 4200 S. Cooper Street, Suite 102, Arlington, Texas 76015, Attention: Rose Mary Powell ("**Title Company**") to be held by the Title Company as Earnest Money (herein so called) pursuant to the terms of this Contract.

6. SURVEY AND TITLE COMMITMENT.

A. Purchaser may, at Purchaser's expense, obtain a survey ("**Survey**") of the Property, to be prepared by a Registered Professional Engineer or Surveyor. Seller shall reasonably cooperate with Purchaser and such Professional Engineer or Surveyor by permitting access to the Property, and by providing any copies of previous surveys, maps, plats, deeds, and other documents in Purchaser's possession affecting or bearing upon the Property, but provision of such documents shall in no way constitute any warranty, representation, or contractual commitment by Seller.

B. Within ten (10) days after the Effective Date, Purchaser may request to obtain, at Purchaser's expense:

(1) A title commitment ("**Title Commitment**") covering the Property binding the Title Company to issue a Texas Owner's Policy of Title Insurance on the standard form of policy prescribed by the Texas State Board of Insurance at the Closing in the full amount of the Purchase Price, and

(2) True, correct, and legible copies of any and all instruments referred to in the Title Commitment as constituting encumbrances, exceptions or restrictions upon the title of Seller, except that copies of any liens which are to be released at the Closing may be omitted.

C. At any time prior to the expiration of the Inspection and Feasibility Period, Purchaser shall have the right, in its sole discretion, to terminate this Contract, upon written notice to Seller, if Purchaser disapproves of any aspect of the Property. If Purchaser so elects to terminate this Contract prior to the expiration of the Inspection and Feasibility Period, then upon delivery to Seller of such notice of termination pursuant to the termination, this Contract shall automatically terminate, and the Title Company shall return the Earnest Money to Purchaser without Seller's consent, and neither Purchaser nor Seller shall have any further obligations under this Contract.

7. FEASIBILITY PERIOD.

A. Purchaser will have thirty (30) calendar days after the later of the date Purchaser receives the Title Commitment or the date Purchaser receives the Survey (the "**Inspection and Feasibility Period**") to inspect the Property and conduct inspections, studies, tests and examinations on the Property, including, without limitation: (a) core borings; (b) environmental and architectural tests and investigations; (c) physical inspections of improvements, fixtures, equipment, subsurface soils, structural members, and personal property; and (d) examination of documents relating to the condition of the Property. Purchaser and Purchaser's agents, employees, consultants and contractors will have the right of reasonable entry onto the Property during normal business hours, and upon reasonable advance notice to Seller and any tenants on the Property, for purposes of conducting such inspections, studies, tests and examinations deemed necessary by Purchaser. The inspections, studies, tests and examinations will be at Purchaser's expense and risk. Prior to conducting such inspections, studies, tests, or examinations, Purchaser shall notify Seller in writing of Purchaser's intent to such inspections, studies, tests, or examinations. In the event that Purchaser elects to terminate this Contract for any reason, Purchaser agrees to restore the Property to its condition prior to such inspections, studies, tests and examinations. Purchaser agrees to, and does hereby, indemnify Seller against any claims that arise due to any actions by Purchaser or Purchaser's agents, employees, consultants and contractors.

B. As consideration for Seller agreeing to provide Purchaser the Inspection and Feasibility Period to conduct inspections, studies, tests and examinations on the Property, within two (2) business days after the Effective Date, Purchaser shall deliver directly to Seller the sum of One Hundred Dollars and no cents ($100.00). This payment shall be non-refundable, and is separate from the Earnest Money payment, and shall not be credited to the Purchase Price at Closing.

8. TITLE AND SURVEY APPROVAL PERIOD.

Purchaser shall have twenty (20) calendar days after the receipt of an acceptable Survey and Title Commitment and the instruments giving rise to the title encumbrances, exceptions or restrictions upon the title of Seller, in which to review them and to advise Seller that Seller's title is or is not acceptable to Purchaser. Any item to which Purchaser does not timely object will be deemed a "**Permitted Exception**," provided, however, that Purchaser will be deemed to have timely objected to any items the Title Company identifies as to be released upon Closing if such item is not actually released. If title exceptions exist to which Purchaser timely objects, Seller may, at Seller's discretion, undertake to cause those exceptions to be cured and/or removed from the Title Commitment within twenty (20) calendar days (the "**Cure Period**") after such notice to Seller. In the event such exceptions to title are not cured within the Cure Period, Purchaser may elect, as Purchaser's sole remedy, to terminate this Contract by giving written notice to Seller within ten (10) days after expiration of the Cure Period. In the event of such termination, the Earnest Money will be refunded to Purchaser, and the parties will have no further obligation to each other. In the event that Purchaser does not terminate this Contract by giving written notice to Seller within ten (10) days after expiration of the Cure Period, Purchaser shall be deemed to have accepted the title subject to the exceptions as are shown in the Title Commitment and Survey, and to have waived any objection to such exceptions.

9. PURCHASER'S REPRESENTATIONS.

Purchaser hereby represents and warrants as follows, which representations and warranties expressly shall survive Closing:

A. **Authority**. Purchaser is a resident of or legal entity registered in the State of Texas with authority to perform all of Purchaser's obligations under this Contract. This Contract is, and all documents required by this Contract to be executed and delivered to Seller at Closing will be, duly authorized, executed and delivered by Purchaser. At Closing, Purchaser will deliver such proof of corporate authority as Seller or the Title Company may reasonably request.

B. **Litigation**. Purchaser represents that there is, at the time Purchaser executes this Contract, no pending or threatened litigation or legal proceeding, including any proceeding under Chapters 7, 11, or 13 of the United States Bankruptcy Code, against Purchaser that might affect Purchaser's ability to perform its obligations under this Contract.

10. CLOSING.

A. The Closing shall be held on __________________ ("**Closing Date**"), at the offices of the Title Company; provided, however, that either party, by written notice to the other, may postpone the Closing Date to such date as shall be designated in such notice, provided that such postponed date shall not be more than thirty (30) days after the Closing Date specified above, absent written agreement by the parties.

B. At the Closing, Seller shall deliver to Purchaser at Seller's expense: (i) a Special Warranty Deed conveying the Property according to the legal descriptions attached hereto or as prepared by the surveyor as shown on the Survey of the Property; and (ii) exclusive possession of the Property.

C. At the Closing, Purchaser shall deliver to Seller the Purchase Price in cash or certified funds, less the Earnest Money, which the Title Company shall deliver to Seller as a credit against the Purchase Price;

D. The Title Company shall issue and present to Purchaser, at Purchaser's expense, an Owner's Title Policy issued by the underwriter for the Title Company pursuant to the Title Commitment, subject only to the Permitted Exceptions, insuring good and indefeasible title to the Property vested in Purchaser in the full amount of the total Purchase Price of the Property, free and clear of all liens and encumbrances, except those matters accepted or waived by Purchaser, as provided herein.

E. Seller shall bear the costs for any required tax statements and reports, the costs for preparation and filing of the Special Warranty Deed and any required releases of liens. Purchaser shall bear the costs for the Survey and the Title Policy. Seller and Purchaser shall bear equally the costs of any escrow fees, courier and delivery fees, and copy and reproduction fees. Except as provided otherwise herein, Purchaser and Seller shall bear all remaining Closing costs in equal shares.

F. Ad valorem and similar taxes relating to the Property for the calendar year in which the Closing Date occurs shall be prorated between Seller and Purchaser as of the Closing Date, based upon the most recent ascertainable assessed valuation and tax rate applicable to the Property. Seller shall pay to Purchaser in cash at the Closing the Seller's pro rata portion of such estimate. As soon as the actual amount of taxes for such year is known, Seller and Purchaser shall adjust the amount of taxes previously prorated to each party, using the Closing Date as the proration date. Any special assessments applicable to the Property shall be paid by Seller at Closing. This provision will survive the Closing.

11. TERMINATION.

If this Contract is terminated by Purchaser as permitted herein pursuant to a right of termination granted to Purchaser by any provision of this Contract, the parties shall have no further obligation one to the other, except as otherwise provided herein. If Purchaser elects to so terminate, and if such termination is not due to any default by Seller, if the condition of the Property was altered due to inspections, studies, tests or examinations performed by Purchaser or on Purchaser's behalf, then Purchaser shall restore the Property to its original condition at Purchaser's expense, and except as otherwise provided herein.

12. DEFAULT.

A. If Seller shall fail to consummate this Contract for any reason, except Purchaser's default, Purchaser may enforce specific performance of this Contract or may bring suit for damages against Seller; provided, however, that Purchaser shall not be entitled to recover any consequential damages.

B. If Purchaser shall fail to consummate this Contract for any reason, except Seller's default or the termination of this Contract pursuant to a right to terminate given herein, Seller shall have the right to have the Earnest Money paid to Seller as liquidated damages for the breach of this Contract as Seller's sole remedy.

13. BROKERS' FEES AND COMMISSIONS.

Neither party has engaged any broker, finder or agent in connection with this transaction. Each party to this Contract agrees to indemnify and hold the other party harmless from any cost, damages or expense, including reasonable attorneys' fees and court costs, resulting from any claim for a commission, finder's fee or other compensation in connection with this transaction asserted by any person acting or claiming to act based upon an agreement with such indemnifying party. The indemnities set forth in this section shall survive the Closing Date.

14. ECONOMIC DEVELOPMENT AGREEMENT.

A. Purchaser and Seller, on __________________, entered into that certain Chapter 380 and Economic Development Agreement ("**Development Agreement**"), and Purchaser's development of the Property pursuant to the Development Agreement will create significant new ad valorem tax base for the City and other taxing jurisdictions, provide new employment opportunities, and reduce the tax burden upon the residents of the City.

B. The obligations of Seller at Closing are contingent upon Purchaser executing and delivering to Seller at Closing:

(i) the repurchase agreement ("**Repurchase Agreement**"), attached hereto as Exhibit "B", providing Seller with an option to repurchase the Property from Purchaser should Purchaser fail to meet certain performance benchmarks, which benchmarks are described further in the Development Agreement and Repurchase Agreement; and

(ii) the Performance Bond, as defined in the Development Agreement, which will be on a form acceptable to Seller, and which will guarantee the full and faithful execution of the work and performance of Purchaser's obligations of the Development Agreement and must guarantee completion of the Improvements (as defined in the Development Agreement).

15. MISCELLANEOUS PROVISIONS.

A. **Dates of Contract.**

(i) The term "**Effective Date**" as used herein shall mean the day that this Contract has been: (1) signed by Purchaser; (2) approved by the Board of Directors of Seller; and (3) signed by the Seller.

(ii) If the final date of any period falls upon a Saturday, Sunday or legal holiday under the laws of the State of Texas, or upon a date when the office of the Title Company is closed for other reasons, then in such event the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday under the laws of the State of Texas, and the Title Company's office is open.

B. **Notices.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter if sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

SELLER:

Attn: Executive Director
Kennedale EDC
405 Municipal Drive
Kennedale, Texas 76060
Telephone: (817) 985-2100
Facsimile: (817) 478-7169

with copy to:

Wayne K. Olson
TAYLOR, OLSON, ADKINS, SRALLA & ELAM, L.L.P.
6000 Western Place, Suite 200
Fort Worth, Texas 76107
Telephone: (817) 332-2580
Facsimile: (817) 332-4740

PURCHASER:

Al Karmali
Karmali Holdings, Inc.
10004 Broiles Lane
Fort Worth TX 76244
Telephone: ____________________
Facsimile: ____________________

C. **Attorney's Fees.** If either party shall be required to employ an attorney to enforce or defend the rights of such party hereunder, the prevailing party shall be entitled to recover reasonable attorney's fees.

D. **Survival.** The terms and conditions of this Contract and all representations, warranties, covenants and agreements made by the parties shall survive the Closing of this transaction, and shall not merge herein.

E. **Binding Effect.** This Contract shall inure to the benefit of and bind the parties hereto and their respective heirs, representatives, successors and assigns and shall be construed under the laws of the State of Texas.

F. **Rules of Construction.** The parties acknowledge and agree that this Contract is the product of negotiation and compromise, and that both parties have consulted legal counsel in the negotiation of the Agreement, and that the Agreement shall not be construed against the other party, but all other rules of contract construction shall apply.

G. **Choice of Law and Place of Performance and Venue.** This Contract is to be construed under the substantive laws of the State of Texas, without regard to its choice of law rules. This Agreement is to be performed entirely in Tarrant County, Texas, and in the event of any dispute, exclusive venue shall be in the state courts located in Tarrant County, Texas.

H. **Entire Contract.** This Contract and the Development Agreement, together with any exhibits and addenda, any documents provided by Seller to Purchaser pursuant to this Contract, and any Closing documents delivered at Closing, constitute the entire agreement of the parties concerning this transaction. There are no oral representations, warranties, agreements or promises pertaining to the sale of the Property by Seller to Purchaser not incorporated in this Contract or the Development Agreement, any exhibits and addenda, any documents provided by Seller to Purchaser pursuant to this Contract, or any Closing documents delivered at Closing.

I. **No Waiver of Default.** A failure of the non-defaulting party to declare immediately a default shall not constitute a waiver of any provision of this Contract, unless this Contract expressly specifies a specific time for objection and a waiver upon a failure to timely object.

16. AS-IS SALE.

Purchaser has inspected the Property and accepts it as is, and acknowledges that Seller makes no warranty or representation regarding the Property or its condition, except as otherwise provided in this Contract. Purchaser acknowledges that Seller makes no warranty or representation that the Property is suitable for Purchaser's intended use. The provisions of this Section will survive the Closing Date.

17. TIME OF THE ESSENCE.

Time is of the essence in this Contract of Sale.

PURCHASER:

KARMALI HOLDINGS, INC.

By: ______________________________
Al Karmali, President

Signed on this 24TH day of FEBRUARY, 2017.

SELLER:

KENNEDALE ECONOMIC DEVELOPMENT CORPORATION

By: ______________________________
Robert Mundy, President

Signed on this 24th day of February, 2017.

EARNEST MONEY RECEIPT

The undersigned certifies that the above-named Purchaser has paid to Allegiance Title Company the sum of Ten Thousand Dollars and no cents ($10,000.00) on this 3/31 day of March, 2017.

ALLEGIANCE TITLE COMPANY

By: Rose Mary Powell
Name: ROSE MARY POWELL
Title: ESCROW OFFICER

4200 S. Cooper Street, Suite 102,
Arlington, Texas 76015,

EXHIBIT B

Repurchase Agreement

REAL ESTATE OPTION TO REPURCHASE

1. REPURCHASE AGREEMENT.

The execution of this Real Estate Option to Repurchase ("**Repurchase Agreement**") by Karmali Holdings, Inc., a Texas corporation ("**Seller**") constitutes an option ("**Option**") granted to the Kennedale Economic Development Corporation, a Texas municipal development corporation organized under the laws of the State of Texas ("**Purchaser**") to repurchase the developed and undeveloped portions of the Property subject to the terms and conditions stated herein.

2. THE PROPERTY.

The term "**Property**" as used in this Repurchase Agreement means fee simple absolute title to the following real property:

> an approximately 2.543 acre parcel of land owned by the Seller more particularly described on the attached Exhibit "A", together with all and singular the rights and appurtenances pertaining to the property to be conveyed, including any right, title, and interest of Seller in and to adjacent streets, alleys, or rights of way, and any improvements, fixtures, and personal property situated on and attached to the property.

3. AGREEMENT TO SELL AND PURCHASE.

A. The Option may be exercised by the Purchaser in its sole discretion by providing written notice to Seller upon the occurrence of the following:

(i) Seller's failure to cause Commencement of Construction of the Improvements to occur on or before January 1, 2020; or

(ii) Seller's failure achieve Completion of Construction on or before October 1, 2020.

B. Upon exercise of the Option by Purchaser in accordance with the foregoing provisions, the conveyance of the Property to be conveyed to Purchaser shall be in accordance with the provisions of this Repurchase Agreement.

4. CONSIDERATION.

The consideration for the granting of this Repurchase Agreement is the agreement of Purchaser to initially convey the Property to Seller pursuant to Real Estate Contract of Sale dated ____________ ("**Sales Contract**") and to provide certain economic development incentives to Seller pursuant to that certain Chapter 380 and Economic Development Agreement dated ____________ ("**Development Agreement**"). The consideration for repurchase shall be paid by Purchaser to Seller at Closing, and shall be an amount equal to the amount of the purchase price originally paid to Purchaser by Seller, plus the Improvement Value, if any (collectively the "**Repurchase Price**").

5. DEFINITIONS.

The terms "Commencement of Construction", "Completion of Construction", "Improvements", and "Improvement Value", shall have the same meanings as used in the Development Agreement.

6. EARNEST MONEY.

None.

7. TITLE COMMITMENT AND SURVEY.

A. Within twenty (20) days after the exercise of the Option, Purchaser may request to obtain, at Seller's expense:

(1) A title commitment ("**Title Commitment**") covering the Property binding Allegiance Title Company located at 4200 S. Cooper Street, Suite 102, Arlington, Texas 76015, Attention: Rose Mary Powell ("**Title Company**") to issue a Texas Owner's Policy of Title Insurance on the standard form of policy prescribed by the Texas State Board of Insurance at the Closing in the full amount of the Repurchase Price, and

(2) True, correct, and legible copies of any and all instruments referred to in the Title Commitment as constituting encumbrances, exceptions or restrictions upon the title of Seller, except that copies of any liens which are to be released at the closing may be omitted.

B. Upon any exercise of the Option, Purchaser shall have the right, at its sole option, to cause a boundary or "as-built" survey of the Property to be made by a certified land surveyor selected by it ("**Survey**"). The Survey shall be made at the sole cost and expense of Purchaser.

8. TITLE CURE PERIOD.

If the Title Commitment shows the existence of any liens or encumbrances created during Seller's ownership of the Property, Seller shall cause those exceptions to be cured and/or removed from the Title Commitment within twenty (20) calendar days (the "**Cure Period**") after Purchaser has given notice to Seller to remove or cure. In the event such exceptions to title are not cured within the Cure Period, Purchaser may elect to continue with the purchase, in which case the cost of removal of any such lien or encumbrance will be credited against the Repurchase Price. If the cost of removal of any such lien or encumbrance exceeds the Repurchase Price, Seller agrees to pay to Purchaser such excess cost at Closing. If Seller fails to do so, Purchaser shall have the option to either (i) continue with the purchase, and pursue Purchaser's legal remedies against Seller for Seller's failure to cure such any such lien or encumbrance; or (ii) terminate this Repurchase Agreement by giving written notice to Seller on the scheduled Closing

Date and pursue Purchaser's legal remedies against Seller for Seller's failure to cure any such lien or encumbrance, in which case Purchaser shall be entitled to recover the fair market value of the Property and any other actual damages suffered by Purchaser due to Seller's breach.

9. CLOSING.

A. The closing of this Repurchase Agreement ("**Closing**") shall be held within thirty (30) days of the expriation of the Cure Period ("**Closing Date**"), at the offices of the Title Company at its address stated below.

B. At the Closing, Seller shall deliver to Purchaser at Seller's expense: (i) a Special Warranty Deed, in a form acceptable to Purchaser, conveying the Property according to the legal descriptions attached hereto or as shown on the Survey of the Property; and (ii) exclusive possession of the Property.

C. At the Closing, Purchaser shall deliver to Seller the Repurchase Price in cash or certified funds, less any costs to cure incurred by Purchaser as provided in Section 8.

D. The Title Company shall issue and present to Purchaser, at Seller's expense, an Owner's Title Policy issued by the underwriter for the Title Company pursuant to the Title Commitment, insuring good and indefeasible title to the Property vested in Purchaser in the full amount of the total Repurchase Price of the Property, free and clear of all liens and encumbrances, except those matters accepted or waived by Purchaser.

E. Seller shall bear the costs for any required tax statements and reports, the costs for preparation and filing of the Special Warranty Deed, any required releases of liens, costs for the Title Policy, all escrow fees, courier and delivery fees, and copy and reproduction fees. Seller shall bear all remaining Closing costs not contemplated in this Repurchase Agreement.

F. Ad valorem and similar taxes relating to the Property for the calendar year in which the Closing Date occurs shall be prorated between Seller and Purchaser as of the Closing Date, based upon the most recent ascertainable assessed valuation and tax rate applicable to the Property. Seller shall pay to Purchaser in cash at the Closing the Seller's pro rata portion of such estimate. As soon as the actual amount of taxes for such year is known, Seller and Purchaser shall adjust the amount of taxes previously prorated to each party, using the Closing Date as the proration date. Any special assessments applicable to the Property shall be paid by Seller at Closing. This provision will survive the Closing.

10. DEFAULT.

If Seller defaults on this Repurchase Agreement for any reason, except Purchaser's default, Purchaser may enforce specific performance of this Repurchase Agreement and may bring suit for damages against Seller.

11. BROKERS' FEES AND COMMISSIONS.

Purchaser and Seller agree that there are no broker fees or commissions due.

12. MISCELLANEOUS PROVISIONS.

A. **Dates.** If the final date of any period falls upon a Saturday, Sunday or legal holiday under the laws of the State of Texas, or upon a date when the office of the Title Company is closed for other reasons, then in such event the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday under the laws of the State of Texas, and the Title Company's office is open.

B. **Notices.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter if sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

PURCHASER:

Attn: Executive Director
Kennedale EDC
405 Municipal Drive
Kennedale, Texas 76060
Telephone: (817) 985-2100
Facsimile: (817) 478-7169

and

Wayne K. Olson
TAYLOR, OLSON, ADKINS, SRALLA & ELAM, L.L.P.
6000 Western Place, Suite 200
Fort Worth, Texas 76107
Telephone: (817) 332-2580
Facsimile: (817) 332-4740

SELLER:

Al Karmali
Karmali Holdings, Inc.
10004 Broiles Lane
Fort Worth TX 76244
Telephone: (817) 368-3341
Facsimile: ____________________

C. **Attorney's Fees.** If either party shall be required to employ an attorney to enforce or defend the rights of such party hereunder, the prevailing party shall be entitled to recover reasonable attorney's fees.

D. **Integration.** This Repurchase Agreement, the Sales Contract, and the Development Agreement collectively contain the complete agreement between the parties and cannot be varied except by the written agreements of the parties. The parties agree that there are no oral agreements, understanding, representations or warranties which are not expressly set forth herein.

E. **Survival.** The terms and conditions of this Repurchase Agreement and all representations, warranties, covenants and agreements made by Seller shall survive the Closing of this transaction, and shall not merge herein.

F. **Binding Effect.** This Repurchase Agreement shall inure to the benefit of and bind the parties hereto and their respective heirs, representatives, successors and assigns and shall be construed under the laws of the State of Texas.

G. **Rules of Construction.** The parties acknowledge and agree that this Repurchase Agreement is the product of negotiation and compromise, and that both parties have consulted legal counsel in the negotiation of the Agreement, and that the Agreement shall not be construed against the other party, but all other rules of contract construction shall apply.

H. **Choice of Law and Place of Performance and Venue.** This Repurchase Agreement is to be construed under the substantive laws of the State of Texas, without regard to its choice of law rules. This Agreement is to be performed entirely in Tarrant County, Texas, and in the event of any dispute, exclusive venue shall be in the state courts located in Tarrant County, Texas.

I. **No Waiver of Default.** A failure of the non-defaulting party to declare immediately a default shall not constitute a waiver of any provision of this Repurchase Agreement, unless this Repurchase Agreement expressly specifies a specific time for objection and a waiver upon a failure to timely object.

13. CHANGE OF POSSESSION.

Seller will deliver exclusive possession of the Property to Purchaser at Closing.

14. AS-IS SALE.

Purchaser has inspected the Property and accepts it as is, and acknowledges that Seller makes no warranty or representation regarding the Property or its condition, except as otherwise provided in this Repurchase Agreement. Purchaser acknowledges that Seller makes no warranty or representation that the property is suitable for Purchaser's intended use. The provisions of this Section will survive the Closing Date.

15. TIME OF THE ESSENCE.

Time is of the essence in this Repurchase Agreement.

16. RECORDATION.

The parties agree and anticipate that this Repurchase Agreement of Sale may be recorded by Purchaser in the deed records of Tarrant County, Texas.

Signed on this 24 day of February, 2017.

SELLER:

KARMALI HOLDINGS, INC.

By: ______________________________
Al Karmali, President

Signed on this 24TH day of February, 2017.

PURCHASER:

KENNEDALE ECONOMIC DEVELOPMENT CORPORATION

By: ______________________________
Robert Mundy, President

Signed on this 24 day of February, 2017.

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 24th day of February, 2017, by Robert Mundy, President of the Kennedale Economic Development Corporation, a Texas non-profit corporation, on behalf of said corporation.

Kathy E. Moore
Notary Public, State of Texas

My Commission expires:

8-31-19

KATHY E. MOORE
Notary Public, State of Texas
Comm. Expires 08-31-2019
Notary ID 79925-6

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF Tarrant §

This instrument was acknowledged before me on the 24th day of February, 2017, byAl Karmali, ______ of Karmali Holdings, Inc., a Texas corporation, on behalf of said corporation.

______
Notary Public, State of Texas

My Commission expires:

Nov. 25, 2017

TARA SULLIVAN
My Commission Expires
November 25, 2017

A. **Settlement Statement**

U.S. Department of Housing and Urban Development

OMB No. 2502-0265

B. Type of Loan

1. ☐ FHA 2. ☐ FmHA 3. ☒ Conv Unins 4. ☐ VA 5. ☐ Conv Ins. 6. ☐ Seller Finance	6. File Number **1769832-ALAR**	7. Loan Number	8. Mortgage Ins Case Number

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower **Karmali Holdings, Inc.** **10004 Broiles Lane** **Fort Worth, TX 76244**	E. Name & Address of Seller **Kennedale Economic Development Corporation** **405 Municipal Court** **Kennedale, TX 76060**	F. Name & Address of Lender **Pinnacle Bank** **P. O. Box 676** **Keene, TX 76059**

G. Property Location **Oak Crest Addition, Block 5, Lot 1R, Tarrant County** **5400 High Ridge Road** **Kennedale, TX 76060**	H. Settlement Agent Name **Allegiance Title Company** **15770 N. Dallas Parkway, Suite 1200** **Dallas, TX 75248 Tax ID: 80-0338688** **Underwritten By: Chicago**	
	Place of Settlement **Allegiance Title Company - Arlington** **3916 W. Interstate 20, Suite 100** **Arlington, TX 76017**	I. Settlement Date **12/28/2017** **Fund: 12/28/2017**

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due from Borrower		**400. Gross Amount Due to Seller**	
101. Contract Sales Price	**$350,000.00**	401. Contract Sales Price	**$350,000.00**
102. Personal Property		402. Personal Property	
103. Settlement Charges to borrower	**$8,138.30**	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		**Adjustments for items paid by seller in advance**	
106. Assessment taxes		406. Assessment taxes	
107. City property taxes		407. City property taxes	
108. County Property Taxes		408. County Property Taxes	
109. School property taxes		409. School property taxes	
110.		410.	
111.		411.	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
120. Gross Amount Due From Borrower	**$358,138.30**	**420. Gross Amount Due to Seller**	**$350,000.00**
200. Amounts Paid By Or in Behalf Of Borrower		**500. Reductions in Amount Due to Seller**	
201. Deposit or earnest money	**$10,000.00**	501. Excess Deposit	
202. Principal amount of new loan(s)	**$245,000.00**	502. Settlement Charges to Seller (line 1400)	**$721.00**
203. Existing loan(s) taken subject to		503. Existing Loan(s) Taken Subject to	
204. Loan Amount 2nd Lien		504. Payoff first mortgage loan to	
205.		505. Payoff second mortgage loan to	
206.		506.	
207. Option Fee	**$100.00**	507. Option Fee	**$100.00**
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		**Adjustments for items unpaid by seller**	
210. Assessment taxes		510. Assessment taxes	
211. City property taxes		511. City property taxes	
212. County Property Taxes		512. County Property Taxes	
213. School property taxes		513. School property taxes	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower	**$255,100.00**	**520. Total Reduction Amount Due Seller**	**$821.00**
300. Cash At Settlement From/To Borrower		**600. Cash At Settlement To/From Seller**	
301. Gross Amount due from borrower (line 120)	**$358,138.30**	601. Gross Amount due to seller (line 420)	**$350,000.00**
302. Less amounts paid by/for borrower (line 220)	**$255,100.00**	602. Less reductions in amt. due seller (line 520)	**$821.00**

L. Settlement Charges

	Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Sales/Broker's Commission based on price **$350,000.00** @ % = **$0.00**		
Division of Commission (line 700) as follows:		
701. to		
702. to		
703. Commission Paid at Settlement	**$0.00**	**$0.00**
704. The following parties, persons, firms or to		
705. corporations have received a portion of to		
706. the real estate commission shown above. to		
800. Items Payable in Connection with Loan		
801. Loan Origination Fee **0.5%** to **Pinnacle Bank**	**$1,225.00**	
802. Loan Discount % to		
803. Appraisal Fee to **Chris Chevreaux, MAI**	**$800.00**	
804. Credit Report to		
805. Lender's Inspection Fee to		
806. Mortgage Insurance Application to		
807. Assumption Fee to		
808. Flood Certification Fee to **American Flood**	**$16.00**	
809. Tax Research Fee to		
810. Origination Fee to		
900. Items Required by Lender To Be Paid in Advance		
901. Interest from **12/28/2017** to **1/1/2018** @ **$0/day**		
902. Mortgage Insurance Premium for months to		
903. Hazard Insurance Premium for years to		
1000. Reserves Deposited With Lender		
1001. Hazard insurance months @ per month		
1002. Assessment Taxes months @ per month		
1003. Assessment taxes months @ per month		
1004. City property taxes months @ per month		
1005. County Property Taxes months @ per month		
1006. School property taxes months @ per month		
1007. months @ per month		
1008. months @ per month		
1011. Aggregate Adjustment		
1100. Title Charges		
1101. Settlement or closing fee to		
1102. Abstract or title search to		
1103. Title examination to		
1104. Title insurance binder to		
1105. Document preparation to		
1106. Notary fees to		
1107. Attorney's fees to		
(includes above items numbers:)		
1108. Title insurance to **Allegiance Title Company**	**$2,360.00**	
(includes above items numbers:)		
1109. Lender's coverage **$245,000.00/$292.80**		
1110. Owner's coverage **$350,000.00/$2,260.00**		
1111. Escrow fee to **Allegiance Title Company**	**$475.00**	**$475.00**
1112. State of Texas Policy Guaranty Fee to **Allegiance Title Company - Guaranty Fee**	**$6.00**	**$0.00**
1113. Tax certificates to **Altitude Tax Service**		**$64.00**
1114. Courier/Messenger Fee to **Allegiance Title Company**		
1115. e_Recording Fee to **Allegiance Title Company**	**$7.50**	
1116. T-30 Tax Del (LP & ICB only) to **Allegiance Title Company**	**$20.00**	
1117. Not yet due/payable (MTP&BIND) to **Allegiance Title Company**	**$5.00**	
1118. T-19 Non-Res.Endorsement to **Allegiance Title Company**	**$167.80**	
1200. Government Recording and Transfer Charges		
1201. Recording Fees Deed **$32.00** ; Mortgage ; Rel to **Allegiance Title Company**		**$32.00**
1202. City/county tax/stamps Deed ; Mortgage to		
1203. State tax/stamps Deed ; Mortgage to		
1204. Recording Fees - POA to **Allegiance Title Company**		
1205. Recording Fees - Affidavits to **Allegiance Title Company**		
1206. Recording Fees - Other to **Allegiance Title Company**	**$56.00**	
1300. Additional Settlement Charges		
1301. Survey to **Shield Engineering Group, PLLC**	**$3,000.00**	
1302. document Prep Fee to **Dawn Enoch Moore, P.C.**		**$150.00**
1303. Home Warranty Service Contract to		
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)	**$8,138.30**	**$721.00**

Karmali Holdings, Inc.

By: Al Karmali, President

Kennedale Economic Development Corporation

By: George Campbell, Executive Director

SETTLEMENT AGENT CERTIFICATION

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused the funds to be disbursed in accordance with this statement.

Settlement Agent   Date

Warning: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

KENNEDALE ECONOMIC DEVELOPMENT CORPORATION
ANNUAL PROGRAM OF SERVICES
JULY 2021

MONTHLY INFORMATION

1. $39,936 in Sales Tax Revenue

Rental Fees, MMD Tax and Rental Insurance are reported on the Accrual Basis of Accounting, while all other revenues and expenditures are reported on the Cash Basis.

Lakeita Sutton

FINANCE DIRECTOR LAKEITA SUTTON

ADDITIONAL INFORMATION

FUND 15 - OPERATING FUND (EDC INVOICES AND REVENUE ARE RECEIVED IN THIS FUND)
FUND 19 - CAPITAL BOND FUND (CLOSED IN FY 18)
FUND 95 - RESERVE FUND FOR DEBT REQUIREMENTS

CASH POSITION

CATEGORY	DESCRIPTION		YTD
BEGINNING CASH BALANCE - FUND 15	(Operating Cash)	$	920,378
BEGINNING CASH BALANCE - FUND 95	(Required Reserves)	$	125,718
			1,046,096
BEGINNING AVAILABLE CASH - TOTAL			**920,378**
TOTAL REVENUES MINUS EXPENDITURES FOR MONTH		$	47,991
ENDING CASH BALANCE - FUND 15	(Operating Cash)	$	971,819
ENDING CASH BALANCE - FUND 95	(Required Reserves)	$	125,719
ENDING CASH BALANCE - TOTAL		**$**	**1,097,538**
UNAVAILABLE CASH - EARMARKED			
RESERVES FOR LEVERAGE NOTE	(Required Reserves)	$	125,719
TOTAL UNAVAILABLE CASH		**$**	**125,719**
AVAILABLE CASH		**$**	**971,819**

**Due to prior period adjustments, beginning cash balance plus monthly income will not always be an exact match for ending cash balance*

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: AUGUST 31, 2021

AGENDA ITEM NUMBER: WORK SESSION ITEM VI.A.

SUBJECT
Continued discussion of the FY2021-22 Proposed Budget

ORIGINATED BY
Lakeita Sutton, Director of Finance and Information Technology

SUMMARY
During the August 17 Council Meeting, staff presented the FY 2021-2022 Proposed Budget, supported by a tax rate of $0.774085 and a projected FY 2022 fund balance of 11.1% of expenditures. Since that meeting, Council has collaborated with staff to consider additional recommendations that would reduce expenditures, increase revenue, and possibly lower the tax rate. Several options were discussed during the August 24 Council meeting, and an updated tax rate impact analysis has been prepared with different scenarios using the most suitable suggestions.

Attached for Council's consideration is a spreadsheet summarizing the details of each scenario including the implemented changes, the effect on the fund balance, and the tax rate impact. Finance Director Lakeita Sutton and all other current directors will be available to answer questions from the Council.

Council input is appreciated as we move towards a final budget document.

RECOMMENDATION

ATTACHMENTS

1.	Copy of Scenarios 8.27.21 v2 - LG	Copy of Scenarios 8.27.21 v2 - LG.pdf

FISCAL YEAR 2021-2022 PROPOSED BUDGET
GENERAL FUND - SUMMARY SHEET

REVENUES	2020-2021 AMENDED	2021-2022 PROPOSED	2021-2022 SCENARIO 1	2021-2022 SCENARIO 2	2021-2022 SCENARIO 3	2021-2022 SCENARIO 4
TOTAL AD VALOREM TAX RATE	0.774085	0.774085	0.774085	0.774085	0.764085	0.764085
LESS: I&S TAX RATE	0.191399	0.191136	0.191136	0.191136	0.191136	0.191136
M&O TAX RATE/ $100 VALUATION	0.582686	0.582949	0.582949	0.582949	0.572949	0.572949
TOTAL REVENUES	$ 7,671,485	$ 8,022,121	$ 8,086,173	$ 8,086,173	$ 8,002,160	$ 8,002,160
TOTAL EXPENDITURES	8,414,151	8,923,450	8,876,590	8,843,440	8,876,590	8,901,590
NET CHANGE IN FUND BALANCE	$ (742,666)	$ (901,329)	$ (790,417)	$ (757,267)	$ (874,430)	$ (899,430)
BEGINNING FUND BALANCE - OCT 1	2,453,218	1,890,124	1,890,124	1,890,124	1,890,124	1,890,124
ENDING FUND BALANCE - SEPT 30	1,710,552	988,795	1,099,707	1,132,857	1,015,694	990,694
AVERAGE DAILY EXPENDITURES	23,052	24,448	24,319	24,229	24,319	24,388
NUMBER OF DAYS RESERVE	74	40	45	47	42	41
FUND BALANCE AS A % OF EXPENDITURES	20.3%	11.1%	12.4%	12.8%	11.4%	11.1%

		2021-2022 SCENARIO 1	2021-2022 SCENARIO 2	2021-2022 SCENARIO 3	2021-2022 SCENARIO 4
	1. Upadated SRO revenue from $83,424 to $118,375 (increase in revenue of $34,951)	✓	✓	✓	✓
	2. Added Fire Assignment pay (increase in expenditures of $5,000)	✓	✓	✓	✓
OR	3a. Reduce Planner from Full-time to Part-time (decrease in expenditures of $26,860)	✓		✓	✓
	3. Remove Planner Position (decrease in expenditures of $60,010)		✓		
OR	4a. 2% Cost of Living Increase for Civilians Still Included (no effect)				✓
	4b. No Cost of Living Increase for Civilians (decrease in expenditures of $25,000)	✓	✓	✓	
	5. Sales tax increase from 4% to 5% (revenue increase of $16,101)	✓	✓	✓	✓
	6. Sales tax interlocal increased from $107,000 to $120,000 (revenue increase of $13,000)	✓	✓	✓	✓